

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 30, 2007**  
**5:05 p.m.**

**CALL TO ORDER**

Co-Chair Bert Stedman convened the meeting at approximately [5:05:37 PM](#).

**PRESENT**

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Kim Elton  
Senator Donny Olson  
Senator Joe Thomas  
Senator Fred Dyson

**Also Attending:** Testifiers are identified in the body of the minutes.

**SUMMARY INFORMATION**

SB 104-NATURAL GAS PIPELINE PROJECT

The Committee took public testimony. The bill was held in Committee.

#sb104

[5:05:42 PM](#)

CS FOR SENATE BILL NO. 104(JUD)  
"An Act relating to the Alaska Gasline Inducement Act; establishing the Alaska Gasline Inducement Act matching contribution fund; providing for an Alaska Gasline Inducement Act coordinator; making conforming amendments; and providing for an effective date."

This was the thirteenth hearing for this bill in the Senate Finance Committee.

5:05:45 PM

Co-Chair Stedman announced that public testimony would commence.

5:07:00 PM

JIM GILBERT, President, Udelhoven Oilfield System Services, testified via teleconference from Anchorage in support of the expedient construction of a natural gas pipeline. He understood that the opportunity to market Alaskan gas would not continue indefinitely. The Alaska Gasline Inducement Act (AGIA) as currently drafted would limit competition in the bidding process.

5:09:50 PM

HILLARY MCINTOSH, Communications and Development Manager, Alaska Support Industry Alliance, testified via teleconference from Anchorage and expressed concern that the current version of the bill did not address the risks of the State selecting the licensee. She was an economist by education, and identified many indications of an unsuccessful open season.

5:11:55 PM

MARY SHIELDS, General Manager, Northwest Technical Services, testified via teleconference from Anchorage and articulated unease that the \$500 million incentive in the current version of the bill would encourage applications from parties without the financial strength to complete the project. She spoke of Point Thomson as an example of the State's "disastrous record" of selecting project winners, and stated that subjectivity should be eliminated in the process of selecting the licensee.

5:14:21 PM

PAUL LAIRD, General Manager, Alaska Support Industry Alliance, testified via teleconference from Anchorage to convey Alliance's strong support for a gas project. He warned that the AGIA bill before the Committee would not produce a gasline. Amendments would be necessary to achieve a successful project, including changes to the bid requirements to encourage greater competition in the bidding process and greater fiscal predictability.

[5:16:14 PM](#)

MAYNARD TAPP, testified via teleconference from Anchorage as a long-time Alaskan citizen. He labored on the pipeline cost study from 2001 to 2002, and had provided written testimony [copy on file]. He was concerned about the possibility of loss of revenue to the State during the construction and licensing period of the project at a time of declining oil production. He urged the Committee to utilize the information it had and act quickly to begin gasline negotiations.

[5:18:50 PM](#)

JERRY MCCUTCHEON, testified via teleconference from Anchorage and requested an equal amount of time to testify as was provided to Mid-America Oil and Gas. He criticized the gas pipeline cost study conducted in 2001/2002 as inaccurate. He declared that a gasline would never be built, as the gas in Alaska was needed for oil production.

Co-Chair Stedman instructed the teleconference operator to disconnect the testifier.

[5:22:26 PM](#)

MIKE LITTLEFIELD, Business Agent, Teamsters Local 959, testified via teleconference from Fairbanks in support of a gas pipeline. Speaking for the approximately 5,000 Teamsters in Alaska, he voiced his support of AGIA, and thanked Governor Palin for bringing the bill to the legislature.

[5:25:38 PM](#)

WILLIE LEWIS, President, Laborers Local 942, testified via teleconference from Fairbanks and read a resolution submitted by the NAACP [copy on file]. The resolution supported a project labor agreement for AGIA provided that it included enforceable language to include participation of minorities in the construction of the pipeline.

[5:29:00 PM](#)

JOHN BROWN, International Union of Operating Engineers Local 302, testified via teleconference from Fairbanks in support of a low tariff to ensure the State received adequate revenue and

that independent producers could ship their gas. He advocated for a project labor agreement in AGIA with the inclusion of a "no strike, no lock out" provision to ensure a competent work force to build the pipeline.

[5:30:51 PM](#)

HERBIE MOSES, International Union of Operating Engineers Local 302, testified via teleconference Fairbanks in support of AGIA. As a rural resident, he recognized the employment opportunities associated with the pipeline construction.

[5:31:40 PM](#)

TIM SHARP, Business Manager, Alaska District Council of Laborers, testified via teleconference from Fairbanks in support of a project labor agreement. He predicted that AGIA may be the State's best option to maximize the rate of return, and stressed the importance of reliable labor and predictable labor costs.

[5:32:54 PM](#)

JOE HEGNA, Oil and Gas Sector Leader, MWH Global, testified via teleconference from Mat-Su to recommend amendments to AGIA to reduce the risks and ensure timely advancement of the project. He suggested the inclusion of long term fiscal certainty for the gas shippers and the removal of the \$500 million incentive to "let the free market determine a winner".

[5:34:36 PM](#)

TAMMIE WILSON, Fairbanks resident, testified in Juneau as a wife and mother of union laborers, and in support of a gasline for the benefit of Alaskans. She encouraged the inclusion of a project labor agreement in AGIA.

[5:36:20 PM](#)

DENETTE ROMANO, Financial Adviser, Wachovia Securities, testified via teleconference from Anchorage to express concern regarding AGIA. As a financial adviser, she questioned the necessity of the \$500 million incentive to achieve a competitive project. If the incentive was needed to attract investors to the project, then the project itself was questionable.

[5:39:15 PM](#)

PAUL KENDALL, testified via teleconference from Anchorage and characterized testimony from the oil and gas producers as "silly talk". He encouraged the Committee to maintain a strong stance in negotiations with producers.

[5:41:49 PM](#)

MATTHEW FAGNANI, President, Work Safe, testified via teleconference from Anchorage. He was concerned that the current version of AGIA would not be successful in producing a gasline. He advised that if the gas producers were hesitant to commit under AGIA, the legislature should consider amendments to ensure the participation of the lease holders and resource owners.

[5:43:43 PM](#)

LYNN JOHNSON, President and Co-founder, Dowland-Bach Corporation testified via teleconference from Anchorage that Alaska appeared to be further away from the construction of a gas pipeline than the State was one year ago under former Governor Murkowski. He urged the legislature to make changes to AGIA to eliminate exclusivity and replace prescriptive mandates with objectives, thus addressing the needs of the gas producers and the gas transporters.

[5:46:11 PM](#)

AVES THOMPSON, Executive Director, Alaska Trucking Association, testified via teleconference from Anchorage to encourage amendments to AGIA necessary to produce a gasline. He opined that the prescriptive nature of the bill was too specific, the \$500 million incentive was unnecessary, and recommended alternate criteria for evaluation of applications.

[5:49:08 PM](#)

JASON BRUNE, Executive Director, Resource Development Council (RDC), testified via teleconference from Anchorage to express RDC's support for a gasline and apprehension that AGIA would need major amendments before it could deliver such a project. AGIA should strive to maximize the number of bidders by allowing flexibility, should maximize transparency in the process, and should replace bid requirements with broad objectives.

[5:51:46 PM](#)

DAVID LAWER, President, Alaska Bankers Association, testified via teleconference from Anchorage to encourage the Committee to amend AGIA. He spoke to provisions such as bid requirements, long term fiscal stability to shippers, and FERC oversight.

[5:53:13 PM](#)

PAT FALON, Laborer, Laborers Local 341 testified via teleconference from Anchorage in support of the inclusion of a project labor agreement in AGIA. It would allow Alaska's working class an "honest wage and decent benefits."

[5:54:13 PM](#)

MICHAEL LAUVER, Apprentice Laborer, Laborers Local 341, testified via teleconference from Anchorage in support of a project labor agreement. He spoke to the education he had received through the Local, and how that education would enable him to provide for his family and help build Alaskan projects.

[5:55:40 PM](#)

REED CHRISTENSEN, General Manager, Dowland-Bach Corporation, testified via teleconference from Anchorage and "echoed" previous comments regarding the necessity of a gasline. He spoke of record high oil prices around the world as Alaskan oil production was declining. High oil prices seemed to have created hostility towards oil companies, but he encouraged AGIA to include the major producers in the gasline consideration, as the lease holders would be a significant factor in the success of a natural gas pipeline.

[5:58:00 PM](#)

JIM PALMER, Owner, Palmer Group, and President, Alaska Support Industry Alliance, testified via teleconference from Anchorage on his own behalf. He spoke of the historical context of the natural gas pipeline. He stated that while former Governor Murkowski's gasline proposal favored the producers, AGIA too heavily favored the State. He also suggested the inclusion of additional persons to evaluate applications and select a winning bid.

[6:01:02 PM](#)

JOE MATHIS, Founding President, Alaska Support Industry Alliance testified via teleconference from Anchorage in support of the position of the Board of the Alliance. He recalled the adversarial relationship between the State and the oil producers in the 1970s, and urged the Committee to avoid the acrimony that had characterized that era.

[6:03:29 PM](#)

MARK HYLEN, Owner, Beacon Occupational Health and Safety Services, testified via teleconference from Anchorage to express his concern that the State was decreasing the likelihood of the construction of a gas pipeline. He explained that AGIA would not generate the bids necessary for the project to progress. He urged the Committee to remove the monetary incentive and reduce the prescriptive nature of the bid process.

[6:05:45 PM](#)

RON AXTEL, Vice President and Business Agent, Laborers Local 341, testified via teleconference from Anchorage to implore the Committee to support a project labor agreement in the AGIA bill to guarantee health care benefits for Alaskan workers and their families, thus reducing the cost to the State of care for the uninsured.

[6:07:12 PM](#)

BILL WARREN, Retired Member, Plumbers and Pipefitters Local 367, testified via teleconference from an Offnet location in Nikiski in support of AGIA. He endorsed the inclusion of a project labor agreement in AGIA. He referred to Exxon as a "cancer" in Alaska, and warned the Committee not to give in to corporate demands.

AT EASE [6:09:25 PM](#)/[6:25:34 PM](#)

Co-Chair Stedman closed public testimony.

#sb104

**ADJOURNMENT**

Co-Chair Bert Stedman adjourned the meeting at [6:25:52 PM](#)